

Department of Planning, Building and Code Enforcement 200 E. Santa Clara Street San José, California 95113-1905 Hearing Date/Agenda Number: P.C. 11/08/06 Item: 7b4

File Number:

GP05-08-01C, D, and E

Council District and SNI Area:

8/N.A.

Major Thoroughfares Map Number:

C: 85, 86, 101, 102; D and E: 102

Assessor's Parcel Number(s):

C: 659-02-010; 660-33-001, - 002, -006, -011, -012, -013, -

014, -020, -025, -026

D: 660-33-027, -028

E: 660-19-005, -020, -021

Project Manager: John W. Baty

PROJECT DESCRIPTION: General Plan amendment request to change the Land Use/Transportation Diagram designation from Campus Industrial to Medium Density Residential (8-16 DU/AC) on 282 acres and Public Park and Open Space on 38 acres.

LOCATION: Northeast corner of Yerba Buena Road and Old

Yerba Buena Road, south of Aborn Road

ACREAGE: C: 175, D: 24, E: 120

#### APPLICANT/OWNER:

C: Berg and Berg Enterprises; D: IDS, Inc.; E: Yerba Buena OPCO/Legacy

**GENERAL PLAN REPORT** 

2006 Fall Hearing

# GENERAL PLAN LAND USE / TRANSPORTATION DIAGRAM DESIGNATION:

Existing Designation: Campus Industrial

Proposed Designation: Medium Density Residential (8 - 16 DU/AC), Public Park and Open Space

EXISTING ZONING DISTRICT(S): A(PD) Planned Development

#### SURROUNDING LAND USES AND GENERAL PLAN DESIGNATION(S):

North: Single-family Detached Residential / Evergreen Specific Plan

South: Agriculture, Unincorporated County / Non-Urban Hillside

East: Unincorporated County / Non-Urban Hillside

West: Single-family Attached, Detached and Multi-family Residential, Campus Industrial (Hitachi), Park (Fowler Creek & Montgomery Hill) / Evergreen Specific Plan, Campus Industrial and Public Park and Open Space

# **ENVIRONMENTAL REVIEW STATUS:**

Evergreen East Hills Vision Strategy Environmental Impact Report pending certification on November 8, 2006.

#### PLANNING STAFF RECOMMENDATION:

Mixed Use with No Underlying Land Use Designation
Amend Appendix F – Mixed Use Inventory
Medium Density Residential (8-16 DU/AC) on 165 acres for up to 1,275
dwelling units; Campus Industrial on 120 acres with a maximum 0.4 FAR;
Public Park and Open Space on minimum 10 acres; Public/Quasi-Public on approximately 25 acres for a public school

Approved by Starky With Lands

PLANNING COMMISSION RECOMMENDATION:						
CITY COUNCIL ACTION:						
CITY DEPARTMENT AND PUBLIC AGENCY COMMENTS RECEIVED:						
•						
OFFICE ALL CORRESPONDENCE						
GENERAL CORRESPONDENCE:						
See attachments to the Evergreen Development Policy Staff Report for general correspondence.						
ANALYSIS AND RECOMMENDATIONS:						

# **RECOMMENDATION**

Planning staff recommends the Planning Commission forward to the City Council the following recommendation:

Amend the General Plan Land Use/Transportation Diagram on the three industrial sites as follows:

 Mixed Use with No Underlying Land Use Designation, incorporating the following Medium Density Residential (8-16 DU/AC) on 165 acres for up to 1,275 dwelling units; Campus Industrial on 120 acres with a maximum 0.4 FAR; Public Park and Open Space on a minimum of 10 acres; Public/Quasi-Public on approximately 25 acres for a public school

Should the Planning Commission not support the proposed Evergreen Development Policy update and prefer that these development opportunities be considered as part of the upcoming General Plan update, then the Planning Commission should forward to the City Council a recommendation of no change to the General Plan.

#### **PROJECT DESCRIPTION**

The proposed General Plan amendments on the Campus Industrial Site are being considered as part of the larger Evergreen East Hills Vision Strategy (EEHVS) project. The EEHVS project includes a proposed update to the Evergreen Development Policy (EDP), proposed General Plan Land Use/Transportation Diagram changes on four sites, Campus Industrial: subject amendment, and three other sites (Arcadia: GP05-08-01A; Pleasant Hills Golf Course: GP05-08-01B; and Evergreen Valley College: GP05-08-01F), and proposed General Plan text changes. Individual staff reports for each

amendment have been prepared, which include additional project descriptions, background information and analysis.

# General Plan Amendments (GP05-08-01C, GP05-08-01D and GP05-08-01E)

This report analyzes the General Plan amendments proposing conversion of contiguous parcels totaling 320 acres designated Campus Industrial.

The EEHVS Task Force process resulted in the following alternative proposals for a specific mix of uses and ranges of development intensity.

# **Developer Proposal**

- Medium Density Residential (8-16 DU/AC) for up to 2,000 dwelling units
- Public Park and Open Space on 38 acres

#### **Task Force Alternative Proposal**

- Medium Low Density Residential (8 DU/AC) for up to 900 dwelling units
- Campus Industrial on 120 acres
- Public Park and Open Space on 10 acres

#### **Staff Recommendation**

- Medium Density Residential (8-16 DU/AC) on 165 acres for up to 1,275 dwelling units
- Campus Industrial on 120 acres with a maximum 0.4 FAR
- Public Park and Open Space on a minimum of 10 acres
- Public/Quasi-Public on approximately 25 acres (public school)

Staff's recommendation would be to apply the Mixed Use with No Underlying Land Use Designation to the Campus Industrial site as the vehicle for allowing the parameters of development to be clearly defined while allowing a certain degree of flexibility in how the development is ultimately implemented. This designation would be applied to whatever final mix of uses is approved by the City Council. When the Mixed Use with No Underlying Land Use Designation is proposed, a description of the proposed types of uses and intensity ranges to be allowed on the site is included in a General Plan text amendment for inclusion in the Mixed Use Inventory, Appendix F of the General Plan.

#### Planned Development Rezonings

Planned Development Rezoning applications have been filed for the three corresponding sites (File Nos. PDC05-048, PDC05-049 and PDC05-052), which would implement the developer's proposal for the General Plan amendments. The Planned Development zonings would allow up to 2,000 single-family attached and detached residences resulting in an approximate net density of eight (8) dwelling units per acre. The pending Planned Development Rezoning applications are not being considered at this time and are anticipated to be heard by the Planning Commission and City Council in Spring 2007.

#### **BACKGROUND**

#### Evergreen • East Hills Vision Strategy

The subject sites are located within the Evergreen Development Policy area. The Evergreen Development Policy (i.e., traffic policy) is currently being proposed to be updated to allow additional development beyond what is currently allowed under existing policy. The policy must be revised in order to allow this General Plan Amendment and Text Amendment to move forward.

The purpose of the Evergreen East Hills Vision Strategy (EEHVS) planning effort is to guide infill development in the Evergreen and East Hills area to create housing in balance with transportation improvements and community amenities, with the overall goal of enhancing the quality of life in the area. Inherent in this complex balance of new development and improvements are a series of policy trade-offs such as residential densities, industrial conversion and affordable housing.

As mentioned above, this proposed General Plan Amendment is being considered as part of the overall EEHVS project, which includes proposed General Plan Amendments on three other sites and a package of transportation improvements and community amenities.

The EEHVS Task Force has discussed various levels of Campus Industrial retention ranging from the entire site (320 acres) to zero acres, with some interest in retaining 50 or 120 acres. The Task Force discussion on the topic has included issues such as the City's jobs/housing imbalance and the appropriateness of the Evergreen Campus Industrial site as a jobs center.

For more background on the EEHVS project, including discussion related to the delicate balance between proposed development and the ability to fund required transportation improvements and community amenities, see the Evergreen Development Policy staff report.

# **Site and Surrounding Uses**

The subject Campus Industrial sites are located along the southeast side of the Evergreen Specific Plan (ESP) area, south of Aborn Road and north of Old Yerba Buena Road (see location map). The sites front onto Yerba Buena Road and its future extension, which is designated as a four lane Major Collector in the General Plan. North of the Legacy site the existing roadway transitions from four lanes to two lanes and currently ends at the Campus Industrial Berg property. The City's Urban Growth Boundary (UGB) and Urban Service Area (USA) lines bound the easterly property lines of the subject sites. General Plan designations and uses surrounding the site include:

- Evergreen Specific Plan (ESP) Townhome and Hillside lots on vacant land to the north;
- Vacant Non Urban Hillside to the east and south that is outside the City's Urban Growth Boundary (UGB) and Urban Service Area (USA); and
- Public Park/Open Space (Fowler Creek Park and Montgomery Hill Park), ESP Single-Family Residential (6,000 square foot lots) and High Density Residential, and Chaboya Middle School to the west.



As stated previously each of the three amendment sites has an existing General Plan land use designation of Campus Industrial. The Campus Industrial designation is intended for somewhat more intensive development and a broader range of uses than is typical for the Research and Development General Plan Land Use designation. This designation also envisions a unique campus design concept that takes advantage of the site's natural features and incorporates substantial amounts of landscaped and natural open space. The uses allowed in this category are industrial research and development, administration, marketing, assembly and manufacturing. The *San Jose 2020 General Plan* describes the Campus Industrial designation in this area more specifically by stating that the buildings should be low profile and residential in scale and character.

#### **Land Use and Entitlement History**

In 1980 the City approved General Plan amendments to exchange land uses between the Evergreen and Berryessa areas. This exchange became known as the Berryessa/Evergreen Swap. Approximately 300 acres in the Berryessa area were converted from Industrial Park uses to residential uses. To complement the industrial-to-residential conversion in Berryessa, approximately 375 acres of land in Evergreen were converted from low density residential to Campus Industrial uses. The subject sites were designated Campus Industrial as a result of the Berryessa/Evergreen Swap. The purpose of the Berryessa/Evergreen Swap was to facilitate creation of housing in the jobs-rich North San José area, and jobs in the housing-rich Evergreen area.

The three undeveloped Campus Industrial sites have existing entitlements in the form of Planned Development Zonings that would allow for the construction of up to 4.66 million square feet of campus industrial uses. The 120-acre Legacy site has approval for approximately 1.77 million square feet and the Berg and IDS sites have a combined approved total of approximately 2.89 million square feet of campus industrial uses.

Only one property designated as Campus Industrial from the Berryessa/Evergreen Swap was ever developed with a Campus Industrial use and is not part of the proposal for the conversion to housing. In the early 1980s an approximately 380,000 square foot building was approved and later constructed on a 36-acre site, north and west of the present day Legacy site and south of the IDS and Berg sites. The 3-story building was formerly occupied by Dade-Behring, Inc. and is now occupied by Hitachi Global Storage Technologies.

## **ANALYSIS**

The Analysis section of the staff report addresses the following: 1) a comparison of the key distinctions between the alternate proposals and Staff Recommendation, and 2) the key policy issues raised by the proposed change of the General Plan from the existing Campus Industrial designation to a range of residential, park/open space, and public/quasi-public uses, as described in the alternate proposals from the Developer Group, the Task Force and the Staff Recommendation.

#### **Comparison of Alternate Proposals and Staff Recommendation**

Land Use Category	Developer Proposal	Task Force Proposal	Staff Recommendation
Industrial Retention	0 acres	120 acres	120 acres
Number of Units	2,000	900	1,275
Public/Quasi-Public	0 acres	0 acres	25 acres
Public Park and Open Space	38 acres	10 acres	10 acres

The key difference between the developer proposal and the Task Force proposal and staff's recommendation is the preservation of 120 acres of Campus Industrial. Staff's intent is that a substantial portion of the land currently designated Campus Industrial be retained for future employment generation. Such area may utilize portions of one or more of the existing individual ownership parcels. The ultimate configuration of the proposed 120-acres of Campus Industrial to remain, to be determined at the Planned Development Zoning stage, should facilitate the future development of a single, integrated Campus Industrial area incorporating the existing Hitachi site.

The number of dwelling units proposed by staff is consistent with the developer proposal when retention of 120 acres of Campus Industrial is taken into consideration. The number of units proposed by the Task Force reflects their desire to ensure that the housing units developed on this site are low density in nature and are compatible with existing surrounding development.

The staff-recommended land use mix of 120 acres preserved for Campus Industrial and 165 acres of Medium Density Residential (8-16 DU/AC) allowing up to 1,275 dwelling units, together with proposed school and park areas is considered the optimum balance of jobs and housing for this valuable opportunity site.

Although public schools can locate on land that is not designated Public/Quasi-Public, staff's recommendation designates an approximately 25-acre portion of the site Public/Quasi-Public to ensure that land is specifically reserved for a future public K-8 school.

#### **Key Policy Issues**

Consistency with the San José 2020 General Plan Major Strategies, Goals and Policies
The San Jose 2020 General Plan has seven Major Strategies and Goals and Policies that identify the principles of the Plan. However, the proposed General Plan amendments on these sites primarily relate to the Economic Development Major Strategy and Goals and Policies.

Economic Development. The Economic Development Major Strategy strives to make San Jose a more "balanced community" by encouraging more commercial and industrial growth to balance existing residential development, by creating an equitable contribution of job centers and residential areas, and by controlling the timing of such developments. The Economic Development Major Strategy is a fundamental priority for future growth not only in order to improve the City's financial position but also to provide employment opportunities for San Jose residents. The City's land use and transportation policies are designed to create attractive locations for a variety of business industries. In order to accomplish this the City has undertaken recent General Plan and Area Development Policy updates to North San Jose, Downtown, Edenvale, and the pending Coyote Valley Specific Plan.

The Association of Bay Area Governments (ABAG) projects the need to accommodate 240,000 new jobs in San José by the year 2030. The Evergreen Campus Industrial lands, not including the Hitachi

Global Storage Systems site, provide the opportunity to accommodate approximately 10,000 jobs based upon existing entitlements. The Evergreen area also contributes to the variety of locations that the City has to offer potential future businesses, which is consistent with the economic strategy.

Coyote Valley is currently the only other area of the City that has land designated as Campus Industrial and intended to create a high end, technology-focused workplace. The recently adopted update to the North San Jose Area Development Policy established an intensified employment center along the North First Street Transit Corridor, and creating the opportunity to incorporate significant new high density residential to compliment the urban transformation of the North First Street area. The Downtown has some capability to accommodate technology oriented business but not to the extent that North San Jose, Edenvale, and Evergreen can with large contiguous properties. Since 2000, a total of approximately 360 acres of Industrial Park designated land have been converted to non-industrial oriented designations. Specifically, recent large conversions occurred as a result of planning efforts for the Hitachi and iStar sites in the Edenvale area, which converted 406 acres of Driving Industry industrial lands to residential and commercial uses. However, it should be noted that the Hitachi General Plan Amendment incorporated the intensification of a portion of the site to retain the employment capacity of the original site. Similarly, the iStar proposal retained a portion of the site designated on the General Plan for intensified Industrial Park development.

The only identified opportunity for the retention of industrial lands and future job growth potential in the easterly portion of the City is to retain a portion or all of the current Campus Industrial Site. As referenced in the project description above, the proposal by the property owners/developers would convert approximately 320 acres of Campus Industrial designated land for small and large lot single family detached housing. Conversely the EEHVS Task Force proposes that a 120-acre portion of the site be preserved as Campus Industrial with the possibility of allowing for more intense campus industrial development. Additionally, the Task Force and the City staff recommendation to retain a minimum of 120 acres of the Campus Industrial designated land are consistent with the Vision and Expected Outcomes adopted by the City Council that, through the EEHVS Guiding Principles, encourage economic development opportunities for businesses of all sizes and types. The preservation of 120 acres of Campus Industrial land could yield a total of approximately 3,800 high to medium skilled jobs with development at an average Floor Area Ration of 0.40. These jobs are in addition to the existing potential for approximately 1,260 jobs on the 36-acre Hitachi facility located in this industrial sub-area. The combined employment potential of approximately 5,000 jobs on the combined 156 acres of Campus Industrial proposed to remain would still provide a significant amount of future employment.

Converting all 320 acres of the Campus Industrial land would eliminate the potential development of over 10,000 jobs in this sub-area of the City. Eliminating all potential for future job development would worsen the current imbalance between housing and employment and would therefore be inconsistent with the City's Economic Development Policies and Goals. More specifically, conversion of the industrially designated properties and potential future jobs would be inconsistent with General Plan Economic Development and Industrial Policies:

• Industrial Land Use Policy No. 2 encourages industrial development particularly in locations that facilitate efficient commute patterns. Locating new jobs in Eastern Evergreen would offer reverse commute opportunities to many San José and Santa Clara County residents and very short commutes to residents of Evergreen and South San José.

• Economic Development Policy No. 1 seeks to reduce the City's jobs/housing imbalance. Retention of 120 acres of Campus Industrial would only partially mitigate the loss of employment potential on the site.

In conclusion staff recognizes the challenges with the site's location. Retaining only a portion (120 acres) of the Campus Industrial designation may not be wholly consistent with the City's Economic Development Policies. This proposal does, however allow an opportunity to meet other General Plan goals, e.g., locating new housing near an existing/planned job center. San Jose continues to be a housing rich community, providing and producing much of the housing growth in the County. While the City continues its efforts to facilitate housing for all segments of the population, it must also be able to foster economic development that helps generate employment opportunities for its residents. The proposed conversion of 200 acres and retention of 120 acres of Campus Industrial provides a balance of future jobs and housing.

*Growth Management Major Strategy.* With respect to consistency with the Growth Management Major Strategy, the impacts of the proposed amendments are less clear.

The proposed amendments are consistent with the City's growth management strategy in that the subject sites are within the Urban Growth Boundary and Urban Service Area. However, conversion of the 320 acre Campus Industrial area to residential would eliminate potential jobs and associated tax revenue, which could have a negative effect on the City's ability to provide acceptable levels of service for its residents.

*The Greenline/Urban Growth Boundary Major Strategy*. The subject sites are within the City's Urban Service Area, therefore the proposed amendments are consistent with the Greenline/Urban Growth Boundary strategy.

Housing Major Strategy. The proposed amendments are consistent with the Housing Major Strategy in that they would provide additional opportunities for housing development within the City's Urban Service Area and the density range of the proposed amendments would likely result in a variety of housing types and price ranges.

#### Consistency with Framework Criteria

The Framework, as a Guideline, for Evaluating Proposed Conversions of Employment Lands to Other Uses (Framework), divides the City's inventory of industrial areas into three categories: 1) subareas to promote or facilitate conversion; 2) subareas to consider for conversion under certain circumstances; and 3) subareas to preserve for Driving and Business Support industries.

The Evergreen Industrial Area, which includes the subject sites, falls under the second category, to be considered for conversion only in certain circumstances. In this category of the *Framework*, the City Council added that in the, "Evergreen Industrial Area: Consider uses only if recommended through the Evergreen Smart Growth Strategy process". The Evergreen Smart Growth Strategy process was renamed the Evergreen East Hills Vision Strategy (EEHVS) with the formation of a community-based Task Force in June 2005.

A minority of the EEHVS Task Force members and some community members preferred the retention of all or a portion of Campus Industrial; however, a majority of the Task Force supported conversion because it would facilitate the construction of desired community amenities. The community generally accepted the conversion as part of the "development-amenity" package proposed by the developers.

## Consistency with the City Council's Vision and Expected Outcomes

On June 21, 2005 the City Council adopted ten Vision and Expected Outcomes for the Evergreen East Hills Vision Strategy (EEHVS) process. The Vision and Expected Outcomes apply to the overall EEHVS project including the proposed General Plan Amendments and updated Evergreen Development Policy (EDP). The updated EDP is the policy vehicle for ensuring overall consistency with the Vision and Expected Outcomes. Detailed analysis regarding consistency with the Vision and Expected Outcomes is discussed in the staff report for the EDP.

#### **PUBLIC OUTREACH**

	Criteria 1: Requires Council action on the use of public funds equal to \$1 million or greater. (Required: Website Posting)
	Criteria 2: Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. (Required: E-mail and Website Posting)
✓	Criteria 3: Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. (Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)

As described in the public outreach section of the EDP staff report this project has conducted public outreach and community involvement that extends beyond the requirements of Council Policy 6-30: Public Outreach for Pending Land Use and Development Proposals.

#### **CEQA**

An Environmental Impact Report (EIR), entitled *Evergreen East Hills Vision Strategy Project*, was prepared for the proposed Evergreen East Hills Vision Strategy and provides both program level and project level environmental review appropriate to address and evaluate the environmental impacts of the project appropriate for the adoption of the proposed General Plan amendments, modification of the Evergreen Development Policy, funding agreement, and subsequent Planned Development (PD) rezonings. The Draft EIR was circulated for public review and comment from February 3, 2006 to March 20, 2006.

The DEIR analyzed the EEHVS project and its environmental setting, identified potentially significant environmental impacts, and proposed mitigation measures to reduce significant impacts to less than significant levels where possible, for the following issues:

- 1. Land Use
- 2. Transportation & Traffic
- 3. Noise
- 4. Biological Resources
- 5. Cultural Resources
- 6. Hydrology & Water Quality
- 7. Air Quality

- 9. Geology
- 10. Energy
- 11. Utilities and Service Systems
- 12. Population, Jobs & Housing
- 13. Hazards & Hazardous Materials
- 14. Availability of Public Facilities & Services
- 15. Alternatives to the Project

#### 8. Visual & Aesthetics

#### 16. Cumulative Impacts

The DEIR identifies certain impacts as "Less-than-Significant with Mitigation" with applicant-proposed mitigation regarding: Transportation & Traffic; Noise; Air Quality; Cultural Resources; Biological Resources; Geology; Hydrology & Water Quality; Hazards & Hazardous Materials; and, Visual & Aesthetics.

An EIR conclusion of, "Significant Unavoidable Impact" assumes that a project impact would exceed the City's significance thresholds even with changes or mitigations included in the project.

The DEIR identifies as a, "Significant Unavoidable Impact" certain project impacts on: Land Use; Transportation & Traffic; Noise; Air Quality; Visual & Aesthetics; Energy; and, Population, Jobs & Housing.

The EIR identifies, "Significant Unavoidable Cumulative Impacts" for the project's impacts on: Transportation & Traffic; Noise, Air Quality; Biological Resources; Visual & Aesthetics; and, Energy.

For certain of the project's impacts on: Biological Resources; and Energy the EIR concludes, "Unless Mitigation is Determined to be Feasible & Made a Condition of Approval, Impact will be Significant & Unavoidable".

#### **CONCLUSION**

The staff-recommended land use mix of 120 acres preserved for Campus Industrial and 165 acres of Medium Density Residential (8-16 DU/AC) allowing up to 1,275 dwelling units, together with proposed school and park areas is considered the optimum balance of jobs and housing for this valuable opportunity site.

The ultimate configuration of the proposed 120-acres of Campus Industrial to remain may utilize portions of one or more of the existing individual ownership parcel, and will be determined at the Planned Development Zoning stage. The site design for the Campus Industrial area should facilitate the future development of a single, integrated Campus Industrial area incorporating the existing Hitachi site.

Planning staff recommends the Planning Commission forward to the City Council the following recommendation:

Amend the General Plan Land Use/Transportation Diagram on the three industrial sites as follows:

 Mixed Use with No Underlying Land Use Designation, incorporating the following Medium Density Residential (8-16 DU/AC) on 165 acres for up to 1,275 dwelling units; Campus Industrial on 120 acres with a maximum 0.4 FAR; Public Park and Open Space on a minimum of 10 acres; Public/Quasi-Public on approximately 25 acres for a public school

Should the Planning Commission not support the proposed Evergreen Development Policy update and prefer that these development opportunities be considered as part of the upcoming General Plan update, then the Planning Commission should forward to the City Council a recommendation of no change to the General Plan.

# Attachments

cc:

# **Staff Recommended Text Amendment**

Amend Appendix F, Mixed Use Inventory, page F-7:

Map Reference Number	Location	Amendment File Number	Use Mix	Use Intensity Range
MU#21	Northeast corner of Yerba Buena Road	GP05-08-01C GP05-08-01D GP05-08-01E	Medium Density Residential (8-16 DU/AC)	Up to 1,275 dwelling units on 165 acres
	and Old Yerba Buena Road,	<u> </u>	Campus Industrial	120 acres, maximum 0.4 FAR
	south of Aborn Road		Public Park and Open Space	Minimum 10 acres
			Public/Quasi-Public	Approximately 25 acres for a public school